

1 December 2003

**Review of Rental for Domestic Waterfront Tenancies in NSW**

Independent Pricing and Regulatory Tribunal

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Dear Members of the Tribunal,

I would like to **convey my objection to the proposal to** dramatically increase the rent for waterfront tenancies (as outlined in Discussion Paper DP71 dated October 2003).

My objection is based mainly on the **formula** proposed for the calculation of annual rents (3 % of the SLV per square metre of the **valuation of adjoining land** multiplied by the **area** of the tenancy plus **10% GST**). I maintain that this formula is unrealistic, inequitable and inappropriate.

Unrealistic because it would result in an **enormous and sudden increase in annual rent**. In many cases the rent would be increased by over 1000% from hundreds of dollars to several thousand dollars per year. This would probably be unprecedented and possibly be illegal (or at least immoral) in any other rental situation.


Inequitable because many holders of waterfront tenancies, including self funded retirees and long term residents, **do not have the income** to enable them to pay several thousand dollars more every year to the NSW Government.

Inappropriate because the **value of adjoining land is not related to** any supposed value or area of the tenancies. Some 'waterfront' properties have tidal mud flats, sand spits or rock ledges extending for a considerable distance beyond the mean ~~high~~ water mark. These properties require long jetties to provide access to a suitable water depth. Other properties have close deepwater frontages and require a much smaller length (and therefore area) of jetty tenancy. It would be most unfair to apply the same formula to such varied situations.

Further, since GST is **not to be applied to residential rents**, it is questionable whether GST should be applied to the waterfront tenancy rent if this is to be based upon the value of adjoining residential land.

The proposed formula appears to be seriously flawed and should be discarded and replaced with a formula based on the **present rental, annually adjusted in accordance with the CPL**. I believe would not only be administratively simpler, but also fair and equitable.

Yours faithfully,



Peter Blackwell